

## Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 SAM-01 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 OMB-01 AF-10 AID-20 CIEP-03 SCI-06

TRSE-00 EB-11 FEAE-00 CU-05 HEW-08 AGR-20 COME-00

AS-01 IGA-02 /189 R

DRAFTED BY EUR/IB:AWLUKENS:JLR

APPROVED BY EUR/IB:AWLUKENS

S/AM - AMBASSADOR MCCLOSKEY

EUR - MR. STABLER

L/EUR - MR. SMALL

----- 113635

P 061848Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY LISBON PRIORITY

C O N F I D E N T I A L STATE 170940

E.O. 11652:GDS

TAGS: MARR, PO, US

SUBJECT:AMBASSADOR THEMIDO'S CALL ON AMBASSADOR MCCLOSKEY  
CONCERNING AZORES NEGOTIATION

1. THEMIDO CALLED ON MCCLOSKEY AUGUST 5 AND REPORTED THAT  
GOP WANTS TO RESUME BASE NEGOTIATIONS AS SOON AS POSSIBLE.  
PORTUGUESE WISH TO EXTEND PRESENT AGREEMENT FOR FIVE YEARS  
DATING FROM FEBRUARY 3, 1974. THEMIDO INDICATED THAT  
PORTUGUESE GOVERNMENT NOW SUFFERING FINANCIALLY AND THAT  
PRINCIPAL REASON FOR REACTIVATION OF NEGOTIATIONS WOULD BE  
FINANCIAL COMPENSATION THAT PORTUGAL HOPES USG CAN PROVIDE.

2. THEMIDO STATED HE WAS GIVING US HIS GENERAL QUOTE IDEAS  
UNQUOTE FOR COMPENSATION AND THAT SPECIFICS HAD NOT AS YET  
BEEN WORKED OUT IN LISBON. FOLLOWING ARE THE MAIN CATE-  
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GORIES OF COMPENSATION WHICH THE PORTUGUESE WISH:

A) EQUIPMENT FOR THE ARMED FORCES FOR USE IN METROPOLITAN PORTUGAL WITH PRIORITY TO THE AIR FORCE. THEMIDO DID NOT SPECIFY WHETHER THIS MEANT PLANES OR OTHER MATERIEL.

B) DEVELOPMENT ASSISTANCE LOANS. THEMIDO REFERRED VAGUELY TO TYPE OF ASSISTANCE WE PROVIDE TURKEY, WHICH HE THOUGHT WOULD BE MOST APPROPRIATE FOR PORTUGAL- WE HAVE NOT YET EXAMINED THIS AND WILL WAIT FOR SOMETHING MORE SPECIFIC FROM LISBON.

C) RENT FOR THE BASE PAYABLE ON ANNUAL BASIS RETROACTIVE TO FEBRUARY 3, 1974 WHEN LAST AGREEMENT RAN OUT.

D) DIRECT ASSISTANCE TO THE PEOPLE OF THE AZORES IN THE FORM OF DEVELOPMENT OF THE GEOTHERMAL ENERGY SOURCES THERE. THEMIDO INDICATED THAT THE AZORIANS FELT THEY HAD NEVER RECEIVED ANYTHING FROM THE BASE, AND THIS WOULD BE CONCRETE EVIDENCE THAT THEY WOULD BENEFIT THEREFROM.

E) AID IN THE FIELD OF EDUCATION. THEMIDO SAID THAT NOT ONLY DID THEY WISH TO CONTINUE THE CULTURAL EXCHANGE PROGRAM BUT THEY WOULD ALSO BE ASKING FOR DIRECT ASSISTANCE TO SCHOOLS IN PORTUGAL. IT WAS NOT CLEAR WHETHER THIS WOULD BE IN THE FIELD OF TEACHING OR IN SCHOOL CONSTRUCTION.

F) CEREALS UNDER PL-480 PROGRAM. HE WAS NOT SPECIFIC BUT SUGGESTED THAT WHEAT AND SORGHUM WERE NEEDED, AS WELL AS CATTLE FEED. HE SAID CURRENT LEVEL WAS ADEQUATE BUT GOP WANTED A QUOTE GUARANTEE UNQUOTE INCLUDED.

3. MCCLOSKEY STATED THAT THE SECRETARY HAD SAID THAT THE US WOULD BE SYMPATHETIC TO PORTUGAL'S NEEDS AND WOULD TRY TO TAKE THEM INTO ACCOUNT. HE SUGGESTED THAT THE PORTUGUESE DEFINE AS CAREFULLY AS POSSIBLE THEIR NEEDS IN THE ECONOMIC SPHERE, POINTING OUT THAT SPECIFIC REQUESTS GENERALLY HAVE MORE CHANCE OF BEARING FRUIT THAN VERY GENERAL ONES. IT WAS AGREED THAT NEGOTIATIONS WOULD START HERE IN WASHINGTON BETWEEN AMBASSADORS THEMIDO AND MCCLOSKEY ON SEPTEMBER 3. THEMIDO RETURNS TO LISBON TOMORROW AND HAS PROMISED TO PROVIDE US WITH MORE SPECIFICS ON REQUESTS LISTED ABOVE. HE WAS NOT ABLE TO GIVE US THE MAGNITUDE OF THE RENT THE GOP HAS IN MIND BUT INDICATED THAT IT WOULD BE USED TO HELP TO COVER IN PART THEIR PRESENT FINANCIAL DIFFICULTIES. THE TWO AMBASSADORS AGREED ON THE FOLLOWING PRESS STATEMENT: QUOTE: THE GOVERNMENTS OF PORTUGAL AND THE UNITED STATES

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HAVE DECIDED TO GO INTO A MORE ACTIVE PHASE OF NEGOTIATIONS TO RENEW THE AZORES BASE AGREEMENT. AMBASSADOR THEMIDO AND AMBASSADOR AT LARGE MCCLOSKEY, WHO WILL REPRESENT THEIR RESPECTIVE GOVERNMENTS IN THE NEGOTIATIONS, MET TODAY AND AGREED TO RESUME FORMAL TALKS IN WASHINGTON NEXT MONTH.

UNQUOTE. KISSINGER

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## Message Attributes

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